Agricultural prices 2000/2001: cereals, common organisation of the markets CMO (amend. Regulation (EEC) No 1766/92)

2000/0045(CNS) - 29/02/2000 - Legislative proposal

PURPOSE: the setting of institutional prices and amounts for cereals in the 2000/2001 marketing year. CONTENT: As a result of the decisions on Agenda 2000 in May 1999 and the reforms of the common market organisations (CMOs) since 1992, the yearly fixing of institutional prices and amounts now affects only a few sectors. This proposed Regulation seeks to fix monthly increments for cereals (amount, number and timing) for an undefined period. The monthly increments are currently fixed at EUR 1/tonne/month on the intervention price from November to May; the increment for May also applies to June. These increments are fixed each year by a specific Regulation. It is proposed that the amount and timing of the monthly increments be fixed permanently for the 2000/1 and subsequent marketing years by amending the basic Regulation on the common organisation of the market in cereals (Regulation 1766/92/EEC). A change in the amount is not warranted since the short-term interest rate has returned to the level it was at when the decision was taken fixing the increment for 1999/2000 (3%). Following the introduction of the euro on 01/01/1999, that rate is not expected to fluctuate much in the future. However, since it is planned to reduce the intervention price for cereals by two cuts of 7.5% each, the Commission is proposing that the monthly increments be reduced at the same time, i.e. to an amount of: - EUR 0.93/tonne/month for the 2000/01 marketing year, and - EUR 0.85/tonne/month from the 2001/02 marketing year as compared to the current amount of EUR 1/tonne/month. The situation will be reviewed when the time comes to decide on a final reduction in the intervention price for cereals to apply from the 2002/03 marketing year, taking account of marketing trends. The Commission proposes that the intervention period for Sweden, which was fixed when Sweden joined the Union, should no longer apply. Instead, Sweden's intervention period will run from 1 November to 31 May, as is the case in all the other northern Member States. The intervention period for Italy, Spain, Greece and Portugal will run, as before, from 1 August to 30 April. The change in appropriation requirements is +EUR 10 million compared to those on which the budget was based. This relatively small increase in overall requirements for the chapter is nevertheless the result of two opposite tendencies: an increase of EUR 99 million for market measures for cereals and a decrease of EUR 89 million for direct payments under the arable aid scheme. For the public storage of cereals, the requirements are raised by EUR 91 million, above all due to an upward revision to the forecast of purchases into intervention from 8.2 million tonnes to 9.9 million tonnes. The public stock at the end of the financial year is forecast to be 16.9 million tonned instead of 19.2 million tonnes, as a consequence of a lower level of opening stock than initially expected and an increase in the volume of sales. Higher requirements for swtarch production refunds of EUR 50 million are due to an adaptation in eligible quantities from 2.9 million tonnes to 3.45 milliontonnes. By contrast, decreased requirements for export refunds of EUR 42 million are mainly the consequence of a downward revision to the quantities concerned (-2.4 million tonnes) and to a lowering of the forecast rate of export refund for barley for 1999 /2000 from EUR 34.9/tonne to EUR 32.3/tonne, reflecting a higher world price than initially foreseen. The refund rate for rye has also been lowered from EUR 75.1/tonne to EUR 68.9/tonne. Conversely, the forecast refund rates for soft wheat and for maize have been increased (EUR 37.6/tonne instead of EUR 30.5/tonne for wheat) due to lower world prices. For the arable aids, the reduction in requirements results from the incorporation of the definitive data received on the eligible areas requested for aid for 1999/2000 and the average historic yields, which Member States are required to communicate to the Commission by mid-January 2000. Within the overall reduction of EUR 89 million, the requirements for the aids for small producers are decreased by EUR 47 million. For professional producers, there are notable reductions for the aids for cereals including maize (-EUR 25 million) and for oilseeds (-EUR 24 million). The needs for set-aside aids are also reduced by EUR 13 million, but those relating to the additional aid for durum wheat are increased by EUR 20 million. The proposal also deletes the article in Regulation 1766/92/EEC

extending EAGGF Guarantee Section financing to the French overseas departments, as this provision is no longer required.